

**UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TEXAS
SAN ANTONIO DIVISION**

IN RE:	§	
	§	
TXCO RESOURCES, INC. etal	§	CASE NO. 09-51807
	§	Chapter 11
Debtors.	§	Jointly Administered

**WESTERN NATIONAL BANK'S OBJECTION IN PART
TO CHAPTER 11 PLANS PROPOSED BY DEBTORS**

TO THE HONORABLE JUDGE OF SAID COURT:

NOW COMES WESTERN NATIONAL BANK objecting in part to the confirmation proposed by the plans submitted by TXCO Resources, Inc. and would state the following as reasons for the objection:

1. The Chapter 11 Plans list the Western National Bank as an unimpaired creditor when in fact certain treatment proposed under the plan would impair Western National Bank.
2. The plans attempt in some of the options to alter the payment structure of Western National Bank beyond the terms of the loan agreement and extending it 3 years beyond the expiration date at an interest only proposal, which is not appropriate.
3. The plans in some of their options are not fair and equitable as it applies to Western National Bank because the treatment of Western National Bank alters the terms of the preexisting loan agreement.
4. Western National Bank is not receiving by the Chapter 11 Plan what it would be getting in a Chapter 7 Plan. The best interest of creditors' test has not been met.

WHEREFORE, PREMISES CONSIDERED, WESTERN NATIONAL BANK prays
that its objection be sustained.

DATED this the 13th day of January, 2010.

Respectfully submitted,

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BY: /S/ Randall L. Rouse
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**ATTORNEYS FOR WESTERN
NATIONAL BANK**

CERTIFICATE OF SERVICE

The undersigned certifies that on the 13th day of January, 2010, a true and correct copy of the foregoing WESTERN NATIONAL BANK'S OBJECTION TO CHAPTER 11 PLAN was served (1) electronically by the Court's PACER system and (2) via first-class U.S. Mail on those parties listed on the most recent Limited Service List as of July 17, 2009 [Docket No. 362] that are not registered to receive electronic notice via the Court's PACER system and by service on the following: the undersigned counsel for the Debtors; United States Trustee, 615 E. Houston, Room 533, P.O. Box 1539, San Antonio, Texas 78295-1539, Attn: James Rose, Esq.; Counsel for the Creditors' Committee: Gardere Wynne Sewell LLP, 1601 Elm Street, Suite 3000, Dallas, Texas 75201, Attn: Stephen A. McCartin and Andrew G. Spaniol; and Counsel for the Postpetition Lenders: Justin Rawlins, Winston & Strawn LLP, 333 S. Grand Avenue, Los Angeles, CA 90071-1543; James Donnell, Winston & Strawn LLP, 200 Park Avenue, New York, NY 10166-4193; Christopher M. Dawe, Vinson & Elkins LLP, Trammell Crow Center, 2001 Ross Avenue, Suite 3700, Dallas, Texas 75201-2975.

/S/ Randall L. Rouse
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